
SENATE BILL No. 186

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-5.5-3-2; IC 32-31-1-21.

Synopsis: Foreclosure of rental properties. Provides that in a foreclosure proceeding involving property that includes one or more residential rental units, the mortgagee shall, at the time that a judgment or decree of sale is entered in the proceeding, provide written notice of the judgment or decree to each tenant who occupies the property under a rental agreement. Specifies that the notice must include a statement of the tenant's: (1) right to terminate the rental agreement; and (2) obligation to pay any outstanding rent upon termination. Provides that a tenant who occupies a rental unit that is subject to a foreclosure proceeding may, upon learning of a judgment or decree of sale in the proceeding, terminate the rental agreement by providing written notice to the landlord of the tenant's intention to terminate the rental agreement on a date that is: (1) specified by the tenant in the notice; and (2) at least ten days after the date of the tenant's notice. Provides that upon termination of a rental agreement, the tenant is liable for rent that may be due under the rental agreement, in an amount that is prorated to the effective date of the termination. Provides that the tenant is not liable for any other rent or damages due solely because of the early termination of the rental agreement.

Effective: Upon passage.

Lubbers

January 8, 2008, read first time and referred to Committee on Judiciary.

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Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

SENATE BILL No. 186

A BILL FOR AN ACT to amend the Indiana Code concerning property.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 24-5.5-3-2 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 2. (a) This section applies to a foreclosure**
4 **proceeding that:**

5 (1) involves real property that includes one (1) or more rental
6 units; and

7 (2) is initiated by the filing of a complaint under IC 32-29-7
8 after March 27, 2008.

9 (b) The definitions in IC 32-31-3 apply throughout this section.

10 (c) In addition to the notice required by section 1 of this chapter
11 and any other notice required by law, a mortgagee, or the
12 mortgagee's assignee, that proceeds under IC 32-30-10 to foreclose
13 a mortgage or deed of trust concerning real property to which this
14 section applies shall, at the time that a judgment or decree of sale
15 is entered by the court under IC 32-29-7-3, provide written notice
16 of the judgment or decree to each tenant who occupies the property
17 under a rental agreement. The notice required by this section shall



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be sent by first class mail to each tenant who occupies the property under a rental agreement. The notice shall be:

(1) addressed to the name of the tenant or, if the name of the tenant is unknown or cannot be ascertained, to "occupant"; and

(2) sent to the address of the property that is the subject of the judgment or decree of sale.

(d) The notice required under subsection (c) must include the following:

(1) A statement of the tenant's right under IC 32-31-1-21 to terminate the rental agreement by giving written notice to the landlord at least ten (10) days before the date of the proposed termination.

(2) A statement that if the tenant terminates the rental agreement under IC 32-31-1-21, the tenant is liable for rent:

(A) that may be due under the rental agreement; and

(B) in an amount that is prorated to the effective date of the termination.

(e) The failure of:

(1) a mortgagee; or

(2) a mortgagee's assignee;

to provide the notice required by this section does not affect a tenant's right to terminate a rental agreement under IC 32-31-1-21.

SECTION 2. IC 32-31-1-21 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21. (a) This section applies to:

(1) a foreclosure proceeding that:

(A) involves real property that includes one (1) or more rental units; and

(B) is initiated by the filing of a complaint under IC 32-29-7 after March 27, 2008; and

(2) a tenant who:

(A) occupies under a rental agreement a rental unit that is subject to a foreclosure proceeding described in subdivision (1); and

(B) either:

(i) receives written notice under IC 24-5.5-3-2 of a judgment or decree of sale in the proceeding; or

(ii) otherwise learns of a judgment or decree of sale in the proceeding.

(b) The definitions in IC 32-31-3 apply throughout this section.

(c) A tenant to whom this section applies may terminate the

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1 tenant's rental agreement by giving written notice to the landlord
 2 of the tenant's intention to terminate the rental agreement on a
 3 date that is:

4 (1) specified by the tenant in the notice provided under this
 5 subsection; and

6 (2) at least ten (10) days after the date of the notice provided
 7 under this subsection.

8 (d) Upon the termination of a rental agreement under this
 9 section, the tenant is liable for rent:

10 (1) that may be due under the rental agreement on the
 11 effective date of the termination; and

12 (2) in an amount that is prorated to the effective date of the
 13 termination.

14 Rent due under this subsection is payable at the time that it would
 15 have been payable under the terms of the rental agreement being
 16 terminated.

17 (e) Except for any rent for which the tenant is liable under
 18 subsection (d), the tenant is not liable for any other:

19 (1) rent; or

20 (2) damages;

21 due solely because of the early termination of the rental agreement.

22 SECTION 3. An emergency is declared for this act.

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